

**9/14/77 [1]**

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THE WHITE HOUSE  
WASHINGTON  
September 14, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: BOB LIPSHUTZ *RF*  
STU EIZENSTAT *Stu*  
SUBJECT: CAB Order Re Response to Laker  
Service (Docket 31363)

Pan American World Airways, Inc.  
Trans World Airlines, Inc.  
British Airways  
Air-India  
Iran National Airlines Corporation  
Aerlinte Eireann Teoranta

The carriers listed above--members of the International Air Transport Association (IATA) cartel--recently filed price discounts on the New York to Europe markets. The cartel had previously set fares very high and it proposes these reductions to respond to Laker Airways Skytrain fares which you approved three months ago, and which are scheduled to go into effect September 26.

Under the terms of the IATA agreement, the proposed fares will become effective tomorrow, September 15, unless suspended.

The Board has not yet completed its action on these fares and will not until this Friday. It has therefore ordered a temporary suspension of the fares until it completes its action.

Apparently the Board has decided to approve some of the fares and disapprove others but it has not issued its opinion. The fares were vigorously contested by the Department of Justice and the charter carriers on the grounds that their only purpose was to drive charter carriers from the market, and once the charters disappeared, the cartel will again raise its fares. The temporary order before you now simply postpones for two weeks the September 15 date when the fares are scheduled to

go into effect, so that the Board can issue its decision on the merits and the departments and agencies can study it before making recommendations to you.

We recommend that you approve this two-week suspension by signing the attached letter. It does not prejudice in any way your final decision on the merits of the fares.

If you don't approve the decision, the fares will go into effect and the Board would be prevented from taking any action on them.

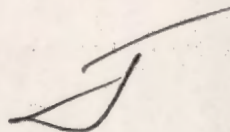
Charlie Schultze, OMB, the Departments of Justice, State, Defense, the National Security Council, and the Council on Wage and Price Stability concur. The Department of Transportation recommends disapproval.

☒ Approve

☐ Disapprove

(Note: For your approval to be effective, the letter must be signed today, September 14.)

(We received this decision September 13.)

A handwritten signature, possibly 'J', is written in the lower right area of the document.



THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman

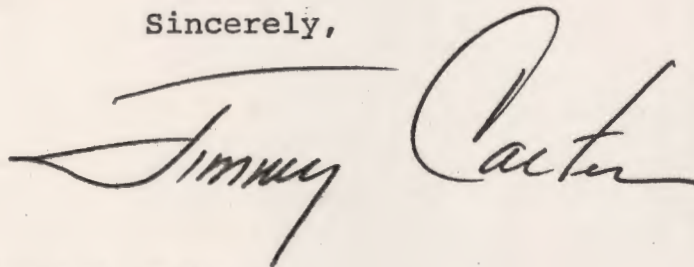
I have reviewed your proposed order (Docket 31363) which suspends until October 1 passenger fares filed by Pan American World Airways, Inc., Trans World Airlines, Inc., British Airways, Air-India, Iran National Airlines Corporation, and Aerlinte Eireann Teoranta for foreign air transportation.

I understand that this suspension is merely designed to give the Board time to issue its opinion before the fares go into effect.

Because the North Atlantic aviation fare structure is important to our foreign economic policy, I am approving this temporary suspension for foreign policy reasons, on the ground that I have not received the decision of the Board.

By approving this temporary suspension I do not intend to indicate my ultimate decision on the merits of the final order which I expect to receive by September 16.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Honorable Alfred E. Kahn  
Chairman  
Civil Aeronautics Board  
Washington, D. C. 20428

THE WHITE HOUSE

WASHINGTON

A G E N D A

Editors' Briefing  
September 14, 1977  
Cabinet Room

1:30 p.m.	Welcome WALT WURFEL Deputy Press Secretary
1:35 p.m.	AMBASSADOR ELLSWORTH BUNKER Senior Negotiator Panama Canal Treaties  CLIFFORD ALEXANDER Secretary of the Army  GENERAL GEORGE BROWN, USAF Chairman Joint Chiefs of Staff
2:10 p.m.	PRESIDENT CARTER
2:20 p.m.	JODY POWELL Press Secretary to the President
2:30 p.m.	FRANK MOORE Assistant to the President Congressional Liaison



THE PRESIDENT HAS SEEN.

2:10 PM

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

September 13, 1977

TO: The President  
FROM: Walt Wurfel *W*  
RE: Drop-by, Panama Briefing for Texas  
and South Carolina Editors

This briefing on the Panama Canal treaties was scheduled at Senator Bentsen's request for nine Texas editors listed below. Two South Carolina editors are also included.

The Texas editors and their wives are in Washington at the invitation of Senator Bentsen. They have attended briefings with Senators Jackson and Byrd and Secretaries Blumenthal and Schlesinger. Their wives have been given a White House tour. The Senator and his press secretary, Jack DeVore, will attend the Panama briefing.

Ambassador Bunker, Secretary Alexander, General Brown, Jody and Frank Moore are on the program. Bunker, Alexander and Brown will brief before you arrive at 2:10 p.m.

TEXAS EDITORS

Frank Mayborn, Publisher  
Temple Daily Telegram

Frank Feuille, III, Publisher  
El Paso Times

Everett Collier, Editor  
Houston Chronicle

Charles Devall, Publisher  
Kilgore News Herald

Morris Roberts, Publisher  
Victoria Advocate

Tucker Sutherland, Publisher  
San Angelo Standard Times

James S. Nabors, Publisher  
Brazosport Facts  
Clute

Dave Knapp, Executive Editor  
Lubbock Avalanche-Journal

Don James, Editor  
Wichita Falls Record-News

SOUTH CAROLINA EDITORS

Bob Herndon, Editor  
Anderson Independent

Dean Livingston, Editor  
and Publisher  
Orangeburg Times-Democrat

8:55 AM

THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE  
WASHINGTON

September 12, 1977

MEETING WITH SENATOR PELL AND REPRESENTATIVES  
OF THE AMERICAN BIBLE SOCIETY

Wednesday, September 14, 1977

8:55 a.m. (5 minutes)

Oval Office

From: Frank Moore

*J.M.*

I. PURPOSE

To be presented with a symbolic one millionth copy of the recently published Good News Bible.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Significant volumes of previously published Bibles have been presented to Presidents Johnson, Nixon and Ford. Senator Pell was most anxious to have you meet briefly with these constituents of his.

B. Participants: Senator Claiborne Pell, Honorary Vice President of the American Bible Society  
Coleman Burke, President of the American Bible Society  
Dr. Laton Holmgren, General Secretary of the American Bible Society

C. Press Plan: White House Photo only.

III. TALKING POINTS

As appropriate.

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THE WHITE HOUSE  
WASHINGTON

September 14, 1977

Secretary Schlesinger

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: LOUISIANA ENERGY PROGRAM  
U.S. CHAMBER OF COMMERCE  
REACTION



THE WHITE HOUSE  
WASHINGTON

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ACTION  
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<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
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<input type="checkbox"/>	WARREN

THE WHITE HOUSE  
WASHINGTON

9-14-77

To Schlesinger -  
From Sen Long -  
This must be  
answered - Send  
me copy -

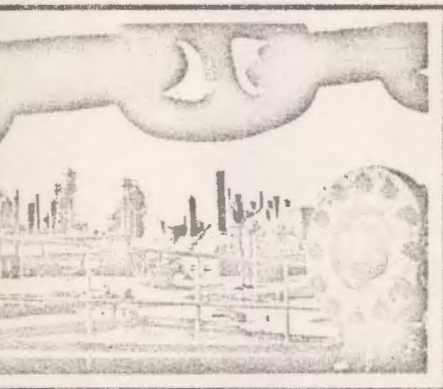
J. C.





*Statement of the*

CHAMBER OF COMMERCE OF THE  
UNITED STATES OF AMERICA

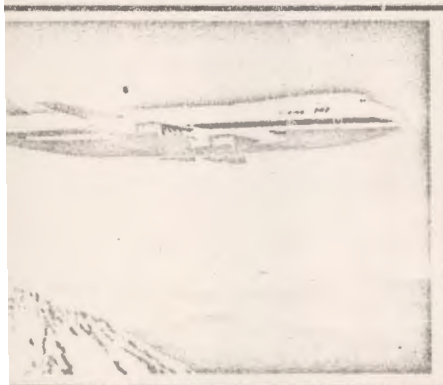


on: National Energy Plan

to: Senate Finance  
Committee

by: Richard L. Lesher

date: September 13, 1977





# "Let's sock it to Louisiana!"

The House of Representatives has passed a bill, that will really sock it to Louisiana and many other "sun belt" states. The efforts of Louisiana Congressmen and your electric companies urged the House to make fair and equitable changes.

national energy  
er of Commerce  
Carter's less dis-  
osals would cost  
in 1985, \$1,700  
% additional hike  
drop in income  
in the state.  
er for Louisiana.  
use of Louisiana-  
ic utility and in-  
sends it to homes  
and Midwest.  
to scrap efficient  
ts ahead of sched-  
ood plants that

use of its own oil and gas for industry and jobs in the state, to encourage sending these fuels elsewhere.

The tax on the use of oil and gas to generate electricity before replacement plants can be constructed would add over \$1 billion to Louisiana's energy bill over an eight-year period, or about \$200 more per year for each Louisiana family—on top of whatever other utility rate increases may be caused by inflationary factors.

And there's a wellhead, crude oil "equalization" tax on top of that, starting out at \$3.50 per barrel. That one will also cost Louisiana consumers, but not the folks up north who use oil for home heating—they get this tax rebated back to them.

And while Congress is taxing the producing states, it has included little if anything designed to bring you an adequate supply of energy in the future.

This is a federal bureaucracy program that takes away decision-making powers historically belonging to the states and gives them to the government in Washington.

It proposes to make the decisions on your electric supply away from the Louisiana Public Service Commission (City Council elected by you) and let appointed federal bureaucrats, who are far removed and unknowledgeable about local conditions in Louisiana, make decisions on your rates, generating plants, transmission lines and other matters directly related to the electric service at your home and business.

the Louisiana "equalization" tax



THE WHITE HOUSE  
WASHINGTON

September 14, 1977

Landon Butler

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: HANDWRITTEN NOTE RE ALEX WALSH

THE WHITE HOUSE  
WASHINGTON

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<input type="checkbox"/>	SCHULTZE

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<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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<input type="checkbox"/>	STRAUSS
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<input type="checkbox"/>	WARREN



THE WHITE HOUSE  
WASHINGTON

9-14-77

To Landon

a) Is Alex Walsh a  
State Dep't "consultant" on  
Friendship Force?

b) If so, why?

J.C.

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THE PRESIDENT'S SCHEDULE

Wednesday - September 14, 1977

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8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

8:55 Senator Claiborne Pell, Honorary Vice President  
(5 min.) of the American Bible Society; Mr. Coleman Burke,  
President; and Dr. Laton Holmgren, General  
Secretary. (Mr. Frank Moore) - Oval Office.

11:30 Meeting with Senator Wendell R. Anderson,  
(20 min.) Senator Dale Bumpers, and Secretary Cecil Andrus.  
(Mr. Frank Moore) - The Oval Office.

12:30 Lunch with Mrs. Rosalynn Carter - Oval Office.

1:45 Meeting with Chairman Kenneth Curtis and  
(15 min.) Mr. Paul Sullivan - The Oval Office.

2:10 Panama Canal Briefing for Senator Lloyd  
(10 min.) M. Bentsen/Texas Editors. (Mr. Frank Moore).  
The Cabinet Room.

2:45 Congressman Elliott H. Levitas. (Mr. Frank Moore).  
(30 min.) The Oval Office.



THE WHITE HOUSE  
WASHINGTON

September 14, 1977

Stu Eizenstat  
Bob Lipshutz  
Dennis Green

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original of the approval letter has been delivered to Bob Linder for appropriate handling.

Rick Hutcheson

RE: CAB DECISION 31363 - Response to Laker Service

cc: Bob Linder

DEADLINE -- MIDNIGHT TONIGHT

(Rick said this came in yesterday  
at 6:00 p.m.)



THE WHITE HOUSE  
WASHINGTON

September 14, 1977

Stu Eizenstat .

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Frank Moore  
Jack Watson  
Bert Lance

RE: ALASKA "d-2" LAND DESIGNATIONS

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
	X	MOORE <i>via frames</i>
	<del>X</del>	POWELL
	X	WATSON
	X	LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to
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	48 hours; due to
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	next day

	ARAGON
	BOURNE
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	H. CARTER
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	HARDEN
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	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE WHITE HOUSE  
WASHINGTON

9/14/77

Mr. President:

No other staff comments  
received.

Rick

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

September 13, 1977

Stu - with  
9/11 9:00 on self  
Cecil items  
J

MEMORANDUM FOR THE PRESIDENT  
FROM STU EIZENSTAT *Stu*  
SUBJECT ALASKA "d-2" LAND DESIGNATIONS

The attached decision memorandum prepared by OMB raises several key issues relating to Secretary Andrus' comprehensive proposal for designations of National Parks, Wildlife Refuges, Wild and Scenic Rivers and Wilderness areas in Alaska. This cover memorandum summarizes all the decisions covered in the longer OMB memo.

Under Section 17(d)(2) of the Alaska Native Claims Settlement Act of 1971 the federal government was charged with the responsibility of designating federal land classifications, subject to Congressional action by December, 1978. Secretary Andrus will present the Administration proposal to the Congress on September 15, pursuant to your commitment in the Environmental Message. I believe the proposal is well balanced.

The proposal will create or expand 19 National Parks and Preserves, 14 National Wildlife Refuges and 42 Wild and Scenic Rivers and study rivers, affording protection for a total of 93 million acres, including 44.8 million acres of Wilderness. At the same time, in almost every instance, Secretary Andrus has drawn the boundaries of protected areas to exclude areas of high potential oil, gas or mineral development from restrictive designations. The proposal also makes every effort to accommodate concerns of the State and of Natives.

Two major issues need your decision because of interagency conflicts:

- I. Oil and gas and mineral conflicts with high value natural areas:
  - a. Killik River area: The Interior proposal excludes an oil and gas area from the Gates of the Arctic National Park, although CEQ recommends that it be included in the Park because it is a significant low-land area important to the Park as a whole. OMB

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proposes a compromise which would allow oil and gas development by natives but surface management by Interior as a Wildlife Refuge area.

Recommendation: OMB compromise

- b. Arctic Wildlife Range proposed Wilderness: Interior proposes wilderness designation in the Arctic Wildlife Range, which would disallow oil and gas exploration and development in an area of very high potential -- possibly of the order of magnitude of Prudhoe Bay. (Wildlife Refuges and Ranges can be opened up for oil and gas development at the discretion of the Secretary in the absence of wilderness designation.) Secretary Andrus feels that this was the one place in Alaska where the wildlife values should override development potential and that protection in the form of wilderness is needed. Unfortunately, the high potential oil and gas area coincides precisely with the critical caribou calving area. Particularly in view of the gas pipeline decision (to avoid the Range), this is a very visible environmental issue.

- FEA recommends against the wilderness designation in the oil and gas area, and would mandate exploration and, if warranted by the exploration, development of the oil and gas reserve.
- OMB recommends against the wilderness designation in the high potential area, and would allow closely controlled exploration at the discretion of the Secretary, but no decision on development at this time (essentially the status quo).
- Interior, CEQ and EPA support the wilderness designation because they feel development should not be allowed and that exploration will inevitably create development pressure.

Recommendation: This is the most difficult decision you face on the Alaska issue. Secretary Andrus feels very strongly that the area should be protected as wilderness and has made accommodations to oil and gas development in every other area. However, I favor the OMB option, because it preserves the option of determining the extent of the reserve prior to a wilderness decision or a decision to develop. Secretary Andrus would like you to call him if you are leaning against his wilderness designation proposal.



- c. Opening other d-2 areas to mineral exploration and development: Commerce and FEA have suggested that there be a procedure in some or all of the designated Refuge, Park and Wilderness areas for exploration and development of oil and gas and minerals, in addition to excluding areas of known potential from restrictive designations.

Recommendation: Disapprove this proposal. Most high potential areas are excluded from protected areas or can be developed under the discretion of the Secretary of Interior. Even in Parks and Wilderness, geologic information can be improved in the future without destructive prospecting or exploration.

II. Transportation planning in the future:

Transportation corridors are currently allowable on a discretionary basis over Wildlife Refuges, but not over Parks and Wilderness. Transportation, FEA, Commerce, Agriculture and OMB feel that a Presidential decision process should be established by law to allow future pipelines and other transportation corridors in Parks and Wilderness as the need arises, without legislation in each case. Interior and CEQ feel that each transportation corridor decision involving a Park or Wilderness should involve Congressional approval, so that projects inconsistent with the protected status of these lands cannot be approved in the future by Administrative action alone.

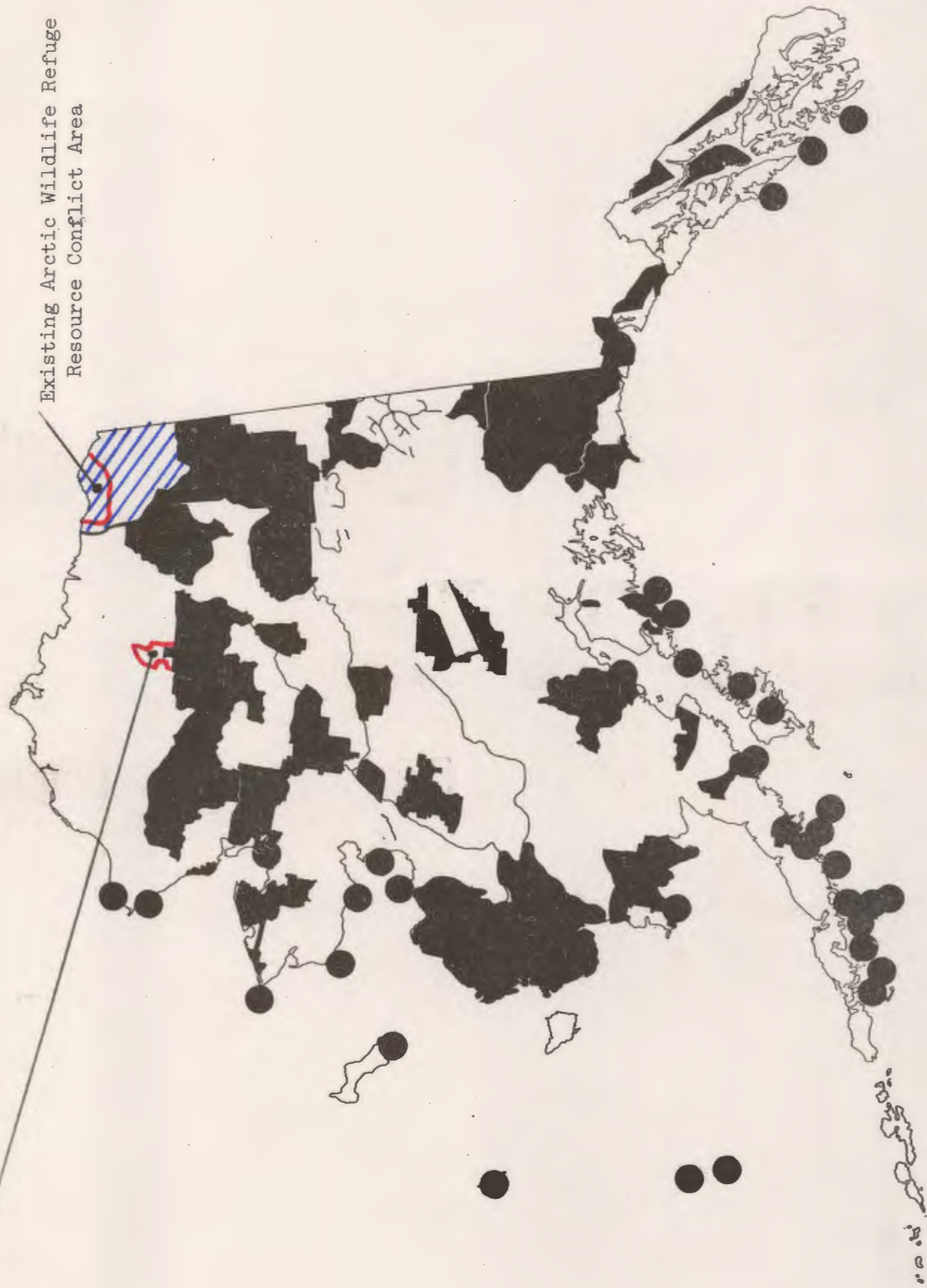
Recommendation: I generally agree with Interior. An effort to write Congress out of the process would be unlikely to be accepted by the Congress. A possible compromise not discussed by the agencies would be to write into the legislation a process similar to the Alaska gas pipeline route decision (proposed by the President to the Congress, subject to Congressional disapproval within a limited time period). You could direct Secretary Andrus to develop such a proposal. He could generally describe it to the Committee on September 15 and supply a detailed proposal later.



MAP

Killik River Resource Conflict Area

Existing Arctic Wildlife Refuge  
Resource Conflict Area



The proposed new parks and wildlife refuges are denoted in black.

MAP



OMB MEMO



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

SEP 13 1977

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

BERT LANCE *BL*

Subject:

Administration's Position on  
Alaska National Interest Land  
Conservation Act (H.R. 39)

BACKGROUND

The House Interior Committee has asked the Administration to present its specific position on this legislation (the so-called Alaska d-2 lands issue) to them on September 15, 1977. Under the Alaska Native Claims Settlement Act (ANCSA), the Secretary of the Interior is directed to make recommendations to the Congress concerning park, wildlife refuge, and forest lands and rivers in Alaska. Previous Administrations have sent such proposals to the Congress; and, in your Environmental Message of May 23, 1977, you said that your Administration would submit detailed recommendations for these Alaska lands in the fall. At that time, you also pointed out that "no conservation action the 95th Congress could take would have more lasting value than this."

The State of Alaska includes 375 million acres of land (about one-fifth of the size of the continental United States) with approximately 400,000 residents (about 0.18 percent of the population of the United States), 65,000 of which are Alaska Natives. These lands are nationally notable because of the large areas of outstanding scenic and wildlife values and significant potential for energy and mineral development, although our knowledge of such resources is quite sparse.

The Alaska d-2 issue is one part of the lengthy and complex matter of establishing Alaska as a State, settling the aboriginal claims of Alaska Natives, and planning the use of the lands which will ultimately remain in Federal ownership. From 1867, when Alaska was purchased from Russia,



until Statehood in 1959, Alaska was almost entirely in Federal ownership. Through the Alaska Statehood Act of 1959, the State of Alaska was granted 104.5 million acres of land for State purposes (including making land available for private settlement), all of the tidelands, and the subsurface estate of navigable waters. In 1971, the Alaska Native Claims Settlement Act was enacted which, among other things, awarded Alaska Natives 44 million acres of land, \$462.5 million of Federal payments, and \$500 million of State royalties. When all land conveyances called for in the Statehood Act and ANCSA are completed, the Federal Government will still own 60 percent of the land in Alaska, the State and private citizens will hold 25 percent, and the Natives will own 15 percent. Currently, State and private ownership accounts for approximately one percent of the total land area.

The Alaska Native Claims Settlement Act also provided for a process to decide the uses to which the remaining Federal lands would be put. Section 17(d)(2) of the Act directed the Secretary of the Interior to withdraw up to 80 million acres of unreserved public lands which the Secretary deemed suitable for addition to or creation as units of the National Park, Forest, Wildlife Refuge, and Wild and Scenic River Systems. The Secretary had to submit his recommendations for specific actions by December 18, 1973; this deadline was met by then Secretary Morton. The Congress must act on these recommendations by December 18, 1978, or the withdrawals will expire; the lands will then be available for Native and State selections and, if not selected, will revert to unreserved Federal land status. The areas to be recommended can exceed the 80 million acre area withdrawn for study. Secretary Andrus' recommendations will replace Secretary Morton's and become this Administration's recommendations.

The Department of the Interior is, by law, directed to make recommendations on this topic; but several other agencies also have a strong interest in the outcome, including: the Council on Environmental Quality; the Energy Research and Development Administration; the Federal Energy Administration; the Environmental Protection Agency; the Federal Power Commission; and the Departments of Agriculture, Commerce, and Transportation. The Federal-State Land Use Planning Commission for Alaska, a Commission established in 1971 to advise on such matters, has also reviewed the Department of the Interior proposal.



Most of the above agencies, the Office of Management and Budget, and the Domestic Policy Staff concur with the Department of the Interior proposal and feel that it is generally a fair and balanced approach to the issue.

A few important areas of disagreement remain on which we are seeking your guidance. In the following materials, the Department of the Interior proposal is summarized; and the major issues concerning energy and minerals and transportation are discussed.

#### SUMMARY OF THE DEPARTMENT OF THE INTERIOR PROPOSAL

The Department of the Interior proposes to designate the Alaska d-2 lands as shown below:

Total. . . . . 93.0 million acres\*

Parks. . . . . 42.6 million acres

- 11 new
- 3 expansions
- 5 preserves

Wildlife Refuges . . . . . 46.6 million acres

- 9 new
- 5 expansions

Wild and Scenic Rivers . . . . . 1.9 million acres

- 33 for inclusion
- 9 for study

Forests. . . . . . 0 million acres

- 1.6 million acres of additions
- 1.6 million acres of transfers to park or refuge

#### Wilderness

(including non-d-2 lands). . . 44.8 million acres

- Parks, 31.8 million acres
- Wildlife Refuges, 12.96 million acres
- Wild and Scenic Rivers, none
- Forests, none
- Other new areas are proposed for study

\*These figures are not additive because of transfers and boundary adjustments associated with existing forest lands and new designations, and also because some of the wilderness areas are included in d-2 lands.



There is a detailed map of these areas at OMB if you would like to see it.

## MAJOR ISSUES FOR YOUR DECISION

Each issue is outlined below with arguments for each and the agency which identifies with each position.

### I. Energy and Minerals

The basic question regarding energy and mineral issues is whether certain areas of high potential should be open to further exploration. Also, two specific areas are points of disagreement, the Killik Watershed and the Arctic Wildlife Range.

#### A. Killik Watershed. Should the Killik area be designated as park?

This issue arises because the region has high oil and gas potential, is of primary interest for selection by the Arctic Slope Regional Corporation for conveyance to them as provided by the Alaska Native Claims Settlement Act, and has exceptional wildlife and environmental value. The area is contiguous to the proposed Gates of the Arctic Park included in the Department of the Interior proposal.

### Alternatives

- #1. Exclude the Killik area from the park boundary and convey to the Natives.
- #2. Include the area in the adjacent Gates of the Arctic Park unit.
- #3. Allow conveyance of subsurface oil and gas exploration and development rights to Natives, but retain, for the Secretary of the Interior, regulatory control over the exercise of those rights and surface ownership of the Killik area as a wildlife refuge to be managed in conjunction with the Gates of the Arctic Park.

### Arguments

#### Alternative #1, Exclude from the park

- The Arctic Slope Natives view this particular area as top priority in the list of lands that they would



be selecting, and the Alaska Native Claims Settlement Act's primary purpose was to settle Native claims. (Department of the Interior)

- The oil and gas potential is significant and should not be foreclosed as it would be by park status. Some estimate that this potential could, at maximum, total 7 billion barrels of oil, 75 percent of the size of the Prudhoe Bay reserve. (Department of the Interior, Federal Energy Administration)
- The most important environmental values of the area will be afforded some protection through the proposed designation of the Killik River as a Wild and Scenic River. The environmental values of the watershed are considered to be of a lesser degree than those of the adjacent National Park. (Department of the Interior)

#### Alternative #2, Include in the park

- The Killik watershed area's significant wildlife and environmental values would be protected through park designation. The environmental features are important because, among other things, the Department of the Interior proposal includes only one other example of Arctic Slope foothills or lowlands. This conservation objective overrides the entitlement of the Natives and the need for oil and gas development. The environmental community feels quite strongly about this. (Council on Environmental Quality)

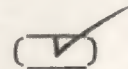
#### Alternative #3, Allow conveyance of the subsurface rights to the Natives, but retain, for the Secretary of the Interior, regulatory control over the exercise of those rights and surface ownership of the Killik area as a wildlife refuge to be managed in conjunction with the Gates of the Arctic Park

- Refuge status would not preclude exploration or development of the significant oil potential of the area. Since the Natives are primarily interested in the area because of its oil and gas potential, this arrangement should accommodate their concerns. Also, the important wildlife and environmental features of the region would be protected and managed in cooperation with the contiguous park. (Office of Management and Budget)



## DECISION

Alternative #1. Exclude the Killik area from park status and, hence, allow conveyance to the Natives (DOI, FEA)



Alternative #2. Include in the adjacent Gates of the Arctic Park (CEQ)



Alternative #3. Allow conveyance of the subsurface rights to the Natives and manage the surface as a wildlife refuge (OMB)



B. The Arctic Wildlife Range. Should the northwest portion of the Arctic Wildlife Range be designated wilderness, or should certain areas be open for carefully controlled oil and gas exploration before a decision is made as to a wilderness designation?

This matter is a significant issue because of two features of the area. First, the area is a crucial wildlife habitat in that it is the calving ground for over 50 percent (120,000) of Alaska's total number of caribou. The total caribou in Alaska has undergone a general decline in numbers in the last six years, which may or may not be related to human activity. Second, this same area is estimated to contain the highest undeveloped on-shore oil and gas potential in Alaska. Estimated amounts range from 10 to 20 billion barrels. Many believe the field could be another Prudhoe Bay, potentially adding another two million barrels of oil per day to our domestic supply (one-fourth of our current domestic production). The proposed wilderness designation would preclude the exploration which could provide more oil and gas data before a decision is made.

## Alternatives

#1. Include the northwest portion of the Arctic Wildlife Range as wilderness, thus precluding exploration and future development of oil and gas potential.



- #2. Allow development of oil and gas reserves in the northwest segment of the Arctic Wildlife Range if exploration reveals a concentration of strategically significant quantities in the area.
- #3. Designate as wilderness all but the northwest segment, which is highest in oil and gas potential (but also contains the caribou calving grounds), and allow exploration only by the Government or private parties at the discretion of and under strict environmental regulation and supervision by the Secretary of the Interior, so as to develop the information necessary to make an intelligent choice between wilderness designation on the one hand and further exploration and development on the other.

### Arguments

#### Alternative #1, Wilderness designation

- Recent studies by both the United States and Canada indicated the significance of the wildlife and wilderness values of this area and the need for protecting them when considering alternative gas pipeline routes. Oil and gas exploration and development may be detrimental to these values, and this is an area of high concern for the environmental community. (Council on Environmental Quality, Department of the Interior)
- The region could be reopened for oil and gas exploration or development in the future if Congress determined that it was in the national interest to do so. (Department of the Interior)
- An exploration program, although limited, could result in unacceptable damage to the environment and will encourage interest in future development. (Council on Environmental Quality, Department of the Interior)

#### Alternative #2, Allow development of oil and gas reserves in the northwest segment if exploration reveals strategically significant quantities

- This portion of the Arctic National Wildlife Range is the most significant on-shore area in Alaska to consider for oil and gas development. The potential there equals one-fourth of our current domestic production and would take on even more significance if



our domestic production (especially from adjacent Prudhoe Bay) declines, as projected, in the late 1980's. This relatively small area should be opened to oil and gas exploration by industry or by the Government itself to determine if it contains "strategically significant" quantities of oil and gas reserves. (Federal Energy Administration)

Alternative #3, Designate all but the northwest segment, and allow exploration only by the Government or private parties under strict environmental control and supervision

- Given FEA's strong views as to the critical oil and gas potential in the area and the important wildlife and environmental values of the Range, limited environmentally controlled exploration should be carried out to determine more precisely the extent of the potential before a choice is made between wilderness designation on the one hand and further exploration and development on the other. (Office of Management and Budget)

#### DECISION

- Alternative #1. Designate the Arctic Wildlife Range as wilderness (DOI, CEQ, EPA) ☒
- Alternative #2. Allow development of oil and gas reserves in the northwest segment of the Arctic Wildlife Range if exploration reveals a concentration of strategically significant quantities in the area (FEA) ☐
- Alternative #3. Designate all but the northwest segment which is highest in oil and gas potential (but also contains the caribou calving grounds), and allow exploration only by the Government or private parties at the discretion of and under strict environmental regulation and supervision by the Secretary of the Interior (OMB) ☐ *Stu*



C. Other areas. Should other d-2 areas be open for oil, gas, and mineral exploration?

This issue arises because our present knowledge of Alaska energy and mineral resources is quite limited, and some agencies believe it would be desirable to have more complete information on them before those areas are closed off to exploration.

Alternatives

- #1. Open some of the d-2 lands for regulated exploration and development of oil, gas, and other minerals.
- #2. Apply to most d-2 lands a limited exploration and development process for oil and gas only.
- #3. Allow further exploration and development only as provided in existing law regarding parks, refuges, and wilderness.

Arguments

Alternative #1, Open some of the d-2 lands for exploration and development of oil, gas, and other minerals

- Given our limited knowledge of Alaska oil, gas, and mineral resources, exploration should be allowed to proceed so that the Nation will have information on the resources in these areas adequate to make the economic-environmental trade offs in each area. In effect, over 110 million acres of Alaska (approximately one-third of the State) could be closed to oil, gas, and mineral exploration and development. (Department of Commerce, Energy Research and Development Administration)

Alternative #2, Apply to most d-2 lands a limited exploration and development process for oil and gas only

- The availability of domestic oil and gas resources is critical to the future strategic and economic health of the Nation, and Alaska's potential oil and gas resources may be greater than that of any other region of the country. A program should be developed to fully explore such lands. (Federal Energy Administration, Energy Research and Development Administration)



- Exploration for oil and gas under this alternative would involve less than half of all the lands designated in the Department of the Interior proposal, including only a very small portion of National Parks. If strategically significant quantities are found, development would occur on only a small portion of these lands. The impact of exploration on the lands could be minimized by establishing strict time periods within which exploration would occur and, unless development was warranted, complete reversion to protected status. (Federal Energy Administration, Energy Research and Development Administration)

Alternative #3, Allow further exploration and development on d-2 lands only as provided by existing law

- No expansion of authority is necessary because boundaries of the units proposed by the Department have left open most areas which, according to our current information, are of high oil, gas, and mineral potential. (Department of the Interior, Office of Management and Budget)
- It is important to protect and maintain the purposes for which a unit is designated, particularly in the unique Alaskan wilderness areas. To compromise this protection would be an undesirable precedent and would attract widespread opposition from conservationists and environmentalists. (Council on Environmental Quality, Department of the Interior)

DECISION

- |                 |  |                                     |
|-----------------|--|-------------------------------------|
| Alternative #1. | Open some of the d-2 lands for regulated exploration and development of oil, gas, and other minerals (DOC, ERDA)                         | <input type="checkbox"/>            |
| Alternative #2. | Apply to most d-2 lands a limited exploration and development process for oil and gas only (FEA)   | <input type="checkbox"/>            |
| Alternative #3. | Allow further exploration and development only as provided in existing law regarding parks, refuges, and wilderness (DOI, CEQ, EPA, OMB) | <input checked="" type="checkbox"/> |



## II. Transportation and Access

Should a special mechanism be included in the Administration's proposal to deal with transportation demands on a case-by-case basis in the future?

This issue arises because the areas of proposed park, wildlife refuge, and wilderness are extensive and can cut off or greatly lengthen access to non-Federal areas. Further anticipated transportation needs in Alaska are, as yet, undefined and can only be determined as the State develops over the next 30 to 40 years. Roads, rail lines, utility corridors, and pipelines are involved.

### Alternatives

- #1. Leave to existing law (i.e., in some cases, permissible subject to the discretion of the Secretary of the Interior), and provide for no special process.
- #2. Provide for a process through which the President would have authority to grant right-of-way for transportation projects inconsistent with Alaska parks and wilderness areas, such as roads and pipelines, if the national interest requires it.

### Arguments

#### Alternative #1, Leave to existing law

- Current law allows for the approval of future transportation projects which are consistent with the purposes of the park, wildlife refuge, or wilderness, usually at the discretion of the Secretary of the Interior. Each and every exception for an inconsistent project should be made by the Congress, since the Congress will have made the area designations in the first instance. (Department of the Interior)
- The purpose of establishing an area as park, wildlife refuge, or wilderness should not be violated for transportation needs. (Council on Environmental Quality, Department of the Interior)

#### Alternative #2, Presidential authority

- Given the importance of protecting lands specifically designated for their natural values by the Congress,

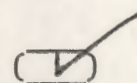


the need to meet future transportation and access requirements in Alaska, and the lack of current information concerning what those future requirements will be, it is very likely that transportation/protection conflicts will arise in the near or distant future which will be of national significance and will require resolution. Some mechanism short of congressional action should be provided to handle most of these cases in order to facilitate orderly growth in Alaska. A precedent exists in the Wilderness Act of 1964 with specific reference to wilderness established by that Act for Department of Agriculture management. (Office of Management and Budget)

- We have informal indications that Congressman Udall would accept a carefully drawn Presidential authority on this point.

#### DECISION

Alternative #1. No special provisions beyond existing law for transportation (CEQ, DOI, EPA)



Alternative #2. Presidential decision for particular special cases (DOA, DOC, DOT, FEA, OMB)



THE WHITE HOUSE

WASHINGTON

Date: September 13, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Jack Watson

FOR INFORMATION:

The Vice President  
Hamilton Jordan  
Frank Moore  
Bob Lipshutz

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance memo dated 9/13/77 re Administration's Position  
on Alaska National Interest Land Conservation Act  
(H.R. 39)

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE  
WASHINGTON

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
/		EIZENSTAT
	/	JORDAN
	/	LIPSHUTZ
	/	MOORE
		POWELL
/		WATSON
		LANCE
		SCHULTZE

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

SEP 13 1977

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

BERT LANCE *BL*

Subject:

Administration's Position on  
Alaska National Interest Land  
Conservation Act (H.R. 39)

BACKGROUND

The House Interior Committee has asked the Administration to present its specific position on this legislation (the so-called Alaska d-2 lands issue) to them on September 15, 1977. Under the Alaska Native Claims Settlement Act (ANCSA), the Secretary of the Interior is directed to make recommendations to the Congress concerning park, wildlife refuge, and forest lands and rivers in Alaska. Previous Administrations have sent such proposals to the Congress; and, in your Environmental Message of May 23, 1977, you said that your Administration would submit detailed recommendations for these Alaska lands in the fall. At that time, you also pointed out that "no conservation action the 95th Congress could take would have more lasting value than this."

The State of Alaska includes 375 million acres of land (about one-fifth of the size of the continental United States) with approximately 400,000 residents (about 0.18 percent of the population of the United States), 65,000 of which are Alaska Natives. These lands are nationally notable because of the large areas of outstanding scenic and wildlife values and significant potential for energy and mineral development, although our knowledge of such resources is quite sparse.

The Alaska d-2 issue is one part of the lengthy and complex matter of establishing Alaska as a State, settling the aboriginal claims of Alaska Natives, and planning the use of the lands which will ultimately remain in Federal ownership. From 1867, when Alaska was purchased from Russia,



until Statehood in 1959, Alaska was almost entirely in Federal ownership. Through the Alaska Statehood Act of 1959, the State of Alaska was granted 104.5 million acres of land for State purposes (including making land available for private settlement), all of the tidelands, and the subsurface estate of navigable waters. In 1971, the Alaska Native Claims Settlement Act was enacted which, among other things, awarded Alaska Natives 44 million acres of land, \$462.5 million of Federal payments, and \$500 million of State royalties. When all land conveyances called for in the Statehood Act and ANCSA are completed, the Federal Government will still own 60 percent of the land in Alaska, the State and private citizens will hold 25 percent, and the Natives will own 15 percent. Currently, State and private ownership accounts for approximately one percent of the total land area.

The Alaska Native Claims Settlement Act also provided for a process to decide the uses to which the remaining Federal lands would be put. Section 17(d)(2) of the Act directed the Secretary of the Interior to withdraw up to 80 million acres of unreserved public lands which the Secretary deemed suitable for addition to or creation as units of the National Park, Forest, Wildlife Refuge, and Wild and Scenic River Systems. The Secretary had to submit his recommendations for specific actions by December 18, 1973; this deadline was met by then Secretary Morton. The Congress must act on these recommendations by December 18, 1978, or the withdrawals will expire; the lands will then be available for Native and State selections and, if not selected, will revert to unreserved Federal land status. The areas to be recommended can exceed the 80 million acre area withdrawn for study. Secretary Andrus' recommendations will replace Secretary Morton's and become this Administration's recommendations.

The Department of the Interior is, by law, directed to make recommendations on this topic; but several other agencies also have a strong interest in the outcome, including: the Council on Environmental Quality; the Energy Research and Development Administration; the Federal Energy Administration; the Environmental Protection Agency; the Federal Power Commission; and the Departments of Agriculture, Commerce, and Transportation. The Federal-State Land Use Planning Commission for Alaska, a Commission established in 1971 to advise on such matters, has also reviewed the Department of the Interior proposal.



Most of the above agencies, the Office of Management and Budget, and the Domestic Policy Staff concur with the Department of the Interior proposal and feel that it is generally a fair and balanced approach to the issue.

A few important areas of disagreement remain on which we are seeking your guidance. In the following materials, the Department of the Interior proposal is summarized; and the major issues concerning energy and minerals and transportation are discussed.

#### SUMMARY OF THE DEPARTMENT OF THE INTERIOR PROPOSAL

The Department of the Interior proposes to designate the Alaska d-2 lands as shown below:

Total. . . . .	93.0 million acres*
<u>Parks. . . . .</u>	42.6 million acres
- 11 new	
- 3 expansions	
- 5 preserves	
<u>Wildlife Refuges . . . . .</u>	46.6 million acres
- 9 new	
- 5 expansions	
<u>Wild and Scenic Rivers . . . . .</u>	1.9 million acres
- 33 for inclusion	
- 9 for study	
<u>Forests. . . . .</u>	0 million acres
- 1.6 million acres of additions	
- 1.6 million acres of transfers to park or refuge	
<u>Wilderness</u>	
(including non-d-2 lands). . .	44.8 million acres
- Parks, 31.8 million acres	
- Wildlife Refuges, 12.96 million acres	
- Wild and Scenic Rivers, none	
- Forests, none	
- Other new areas are proposed for study	

\*These figures are not additive because of transfers and boundary adjustments associated with existing forest lands and new designations, and also because some of the wilderness areas are included in d-2 lands.



There is a detailed map of these areas at OMB if you would like to see it.

### MAJOR ISSUES FOR YOUR DECISION

Each issue is outlined below with arguments for each and the agency which identifies with each position.

#### I. Energy and Minerals

The basic question regarding energy and mineral issues is whether certain areas of high potential should be open to further exploration. Also, two specific areas are points of disagreement, the Killik Watershed and the Arctic Wildlife Range.

##### A. Killik Watershed. Should the Killik area be designated as park?

This issue arises because the region has high oil and gas potential, is of primary interest for selection by the Arctic Slope Regional Corporation for conveyance to them as provided by the Alaska Native Claims Settlement Act, and has exceptional wildlife and environmental value. The area is contiguous to the proposed Gates of the Arctic Park included in the Department of the Interior proposal.

#### Alternatives

- #1. Exclude the Killik area from the park boundary and convey to the Natives.
- #2. Include the area in the adjacent Gates of the Arctic Park unit.
- #3. Allow conveyance of subsurface oil and gas exploration and development rights to Natives, but retain, for the Secretary of the Interior, regulatory control over the exercise of those rights and surface ownership of the Killik area as a wildlife refuge to be managed in conjunction with the Gates of the Arctic Park.

#### Arguments

##### Alternative #1, Exclude from the park

- The Arctic Slope Natives view this particular area as top priority in the list of lands that they would



be selecting, and the Alaska Native Claims Settlement Act's primary purpose was to settle Native claims. (Department of the Interior)

- The oil and gas potential is significant and should not be foreclosed as it would be by park status. Some estimate that this potential could, at maximum, total 7 billion barrels of oil, 75 percent of the size of the Prudhoe Bay reserve. (Department of the Interior, Federal Energy Administration)
- The most important environmental values of the area will be afforded some protection through the proposed designation of the Killik River as a Wild and Scenic River. The environmental values of the watershed are considered to be of a lesser degree than those of the adjacent National Park. (Department of the Interior)

#### Alternative #2, Include in the park

- The Killik watershed area's significant wildlife and environmental values would be protected through park designation. The environmental features are important because, among other things, the Department of the Interior proposal includes only one other example of Arctic Slope foothills or lowlands. This conservation objective overrides the entitlement of the Natives and the need for oil and gas development. The environmental community feels quite strongly about this. (Council on Environmental Quality)

#### Alternative #3, Allow conveyance of the subsurface rights to the Natives, but retain, for the Secretary of the Interior, regulatory control over the exercise of those rights and surface ownership of the Killik area as a wildlife refuge to be managed in conjunction with the Gates of the Arctic Park

- Refuge status would not preclude exploration or development of the significant oil potential of the area. Since the Natives are primarily interested in the area because of its oil and gas potential, this arrangement should accommodate their concerns. Also, the important wildlife and environmental features of the region would be protected and managed in cooperation with the contiguous park. (Office of Management and Budget)



## DECISION

- Alternative #1. Exclude the Killik area from park status and, hence, allow conveyance to the Natives (DOI, FEA) ☐
- Alternative #2. Include in the adjacent Gates of the Arctic Park (CEQ) ☐
- Alternative #3. Allow conveyance of the subsurface rights to the Natives and manage the surface as a wildlife refuge (OMB) ☐

- B. The Arctic Wildlife Range. Should the northwest portion of the Arctic Wildlife Range be designated wilderness, or should certain areas be open for carefully controlled oil and gas exploration before a decision is made as to a wilderness designation?

This matter is a significant issue because of two features of the area. First, the area is a crucial wildlife habitat in that it is the calving ground for over 50 percent (120,000) of Alaska's total number of caribou. The total caribou in Alaska has undergone a general decline in numbers in the last six years, which may or may not be related to human activity. Second, this same area is estimated to contain the highest undeveloped on-shore oil and gas potential in Alaska. Estimated amounts range from 10 to 20 billion barrels. Many believe the field could be another Prudhoe Bay, potentially adding another two million barrels of oil per day to our domestic supply (one-fourth of our current domestic production). The proposed wilderness designation would preclude the exploration which could provide more oil and gas data before a decision is made.

## Alternatives

- #1. Include the northwest portion of the Arctic Wildlife Range as wilderness, thus precluding exploration and future development of oil and gas potential.



- #2. Allow development of oil and gas reserves in the northwest segment of the Arctic Wildlife Range if exploration reveals a concentration of strategically significant quantities in the area.
- #3. Designate as wilderness all but the northwest segment, which is highest in oil and gas potential (but also contains the caribou calving grounds), and allow exploration only by the Government or private parties at the discretion of and under strict environmental regulation and supervision by the Secretary of the Interior, so as to develop the information necessary to make an intelligent choice between wilderness designation on the one hand and further exploration and development on the other.

### Arguments

#### Alternative #1, Wilderness designation

- Recent studies by both the United States and Canada indicated the significance of the wildlife and wilderness values of this area and the need for protecting them when considering alternative gas pipeline routes. Oil and gas exploration and development may be detrimental to these values, and this is an area of high concern for the environmental community. (Council on Environmental Quality, Department of the Interior)
- The region could be reopened for oil and gas exploration or development in the future if Congress determined that it was in the national interest to do so. (Department of the Interior)
- An exploration program, although limited, could result in unacceptable damage to the environment and will encourage interest in future development. (Council on Environmental Quality, Department of the Interior)

#### Alternative #2, Allow development of oil and gas reserves in the northwest segment if exploration reveals strategically significant quantities

- This portion of the Arctic National Wildlife Range is the most significant on-shore area in Alaska to consider for oil and gas development. The potential there equals one-fourth of our current domestic production and would take on even more significance if



our domestic production (especially from adjacent Prudhoe Bay) declines, as projected, in the late 1980's. This relatively small area should be opened to oil and gas exploration by industry or by the Government itself to determine if it contains "strategically significant" quantities of oil and gas reserves. (Federal Energy Administration)

Alternative #3, Designate all but the northwest segment, and allow exploration only by the Government or private parties under strict environmental control and supervision

- Given FEA's strong views as to the critical oil and gas potential in the area and the important wildlife and environmental values of the Range, limited environmentally controlled exploration should be carried out to determine more precisely the extent of the potential before a choice is made between wilderness designation on the one hand and further exploration and development on the other. (Office of Management and Budget)

#### DECISION

- Alternative #1. Designate the Arctic Wildlife Range as wilderness (DOI, CEQ, EPA) ( )
- Alternative #2. Allow development of oil and gas reserves in the northwest segment of the Arctic Wildlife Range if exploration reveals a concentration of strategically significant quantities in the area (FEA) ( )
- Alternative #3. Designate all but the northwest segment which is highest in oil and gas potential (but also contains the caribou calving grounds), and allow exploration only by the Government or private parties at the discretion of and under strict environmental regulation and supervision by the Secretary of the Interior (OMB) ( )



C. Other areas. Should other d-2 areas be open for oil, gas, and mineral exploration?

This issue arises because our present knowledge of Alaska energy and mineral resources is quite limited, and some agencies believe it would be desirable to have more complete information on them before those areas are closed off to exploration.

Alternatives

- #1. Open some of the d-2 lands for regulated exploration and development of oil, gas, and other minerals.
- #2. Apply to most d-2 lands a limited exploration and development process for oil and gas only.
- #3. Allow further exploration and development only as provided in existing law regarding parks, refuges, and wilderness.

Arguments

Alternative #1, Open some of the d-2 lands for exploration and development of oil, gas, and other minerals

- Given our limited knowledge of Alaska oil, gas, and mineral resources, exploration should be allowed to proceed so that the Nation will have information on the resources in these areas adequate to make the economic-environmental trade offs in each area. In effect, over 110 million acres of Alaska (approximately one-third of the State) could be closed to oil, gas, and mineral exploration and development. (Department of Commerce, Energy Research and Development Administration)

Alternative #2, Apply to most d-2 lands a limited exploration and development process for oil and gas only

- The availability of domestic oil and gas resources is critical to the future strategic and economic health of the Nation, and Alaska's potential oil and gas resources may be greater than that of any other region of the country. A program should be developed to fully explore such lands. (Federal Energy Administration, Energy Research and Development Administration)



- Exploration for oil and gas under this alternative would involve less than half of all the lands designated in the Department of the Interior proposal, including only a very small portion of National Parks. If strategically significant quantities are found, development would occur on only a small portion of these lands. The impact of exploration on the lands could be minimized by establishing strict time periods within which exploration would occur and, unless development was warranted, complete reversion to protected status. (Federal Energy Administration, Energy Research and Development Administration)

Alternative #3, Allow further exploration and development on d-2 lands only as provided by existing law

- No expansion of authority is necessary because boundaries of the units proposed by the Department have left open most areas which, according to our current information, are of high oil, gas, and mineral potential. (Department of the Interior, Office of Management and Budget)
- It is important to protect and maintain the purposes for which a unit is designated, particularly in the unique Alaskan wilderness areas. To compromise this protection would be an undesirable precedent and would attract widespread opposition from conservationists and environmentalists. (Council on Environmental Quality, Department of the Interior)

DECISION

Alternative #1. Open some of the d-2 lands for regulated exploration and development of oil, gas, and other minerals (DOC, ERDA)

☐

Alternative #2. Apply to most d-2 lands a limited exploration and development process for oil and gas only (FEA)

☐

Alternative #3. Allow further exploration and development only as provided in existing law regarding parks, refuges, and wilderness (DOI, CEQ, EPA, OMB)

☐

## II. Transportation and Access

Should a special mechanism be included in the Administration's proposal to deal with transportation demands on a case-by-case basis in the future?

This issue arises because the areas of proposed park, wildlife refuge, and wilderness are extensive and can cut off or greatly lengthen access to non-Federal areas. Further anticipated transportation needs in Alaska are, as yet, undefined and can only be determined as the State develops over the next 30 to 40 years. Roads, rail lines, utility corridors, and pipelines are involved.

### Alternatives

- #1. Leave to existing law (i.e., in some cases, permissible subject to the discretion of the Secretary of the Interior), and provide for no special process.
- #2. Provide for a process through which the President would have authority to grant right-of-way for transportation projects inconsistent with Alaska parks and wilderness areas, such as roads and pipelines, if the national interest requires it.

### Arguments

#### Alternative #1, Leave to existing law

- Current law allows for the approval of future transportation projects which are consistent with the purposes of the park, wildlife refuge, or wilderness, usually at the discretion of the Secretary of the Interior. Each and every exception for an inconsistent project should be made by the Congress, since the Congress will have made the area designations in the first instance. (Department of the Interior)
- The purpose of establishing an area as park, wildlife refuge, or wilderness should not be violated for transportation needs. (Council on Environmental Quality, Department of the Interior)

#### Alternative #2, Presidential authority

- Given the importance of protecting lands specifically designated for their natural values by the Congress,



the need to meet future transportation and access requirements in Alaska, and the lack of current information concerning what those future requirements will be, it is very likely that transportation/protection conflicts will arise in the near or distant future which will be of national significance and will require resolution. Some mechanism short of congressional action should be provided to handle most of these cases in order to facilitate orderly growth in Alaska. A precedent exists in the Wilderness Act of 1964 with specific reference to wilderness established by that Act for Department of Agriculture management. (Office of Management and Budget)

- We have informal indications that Congressman Udall would accept a carefully drawn Presidential authority on this point.

#### DECISION

Alternative #1. No special provisions beyond existing law for transportation (CEQ, DOI, EPA)

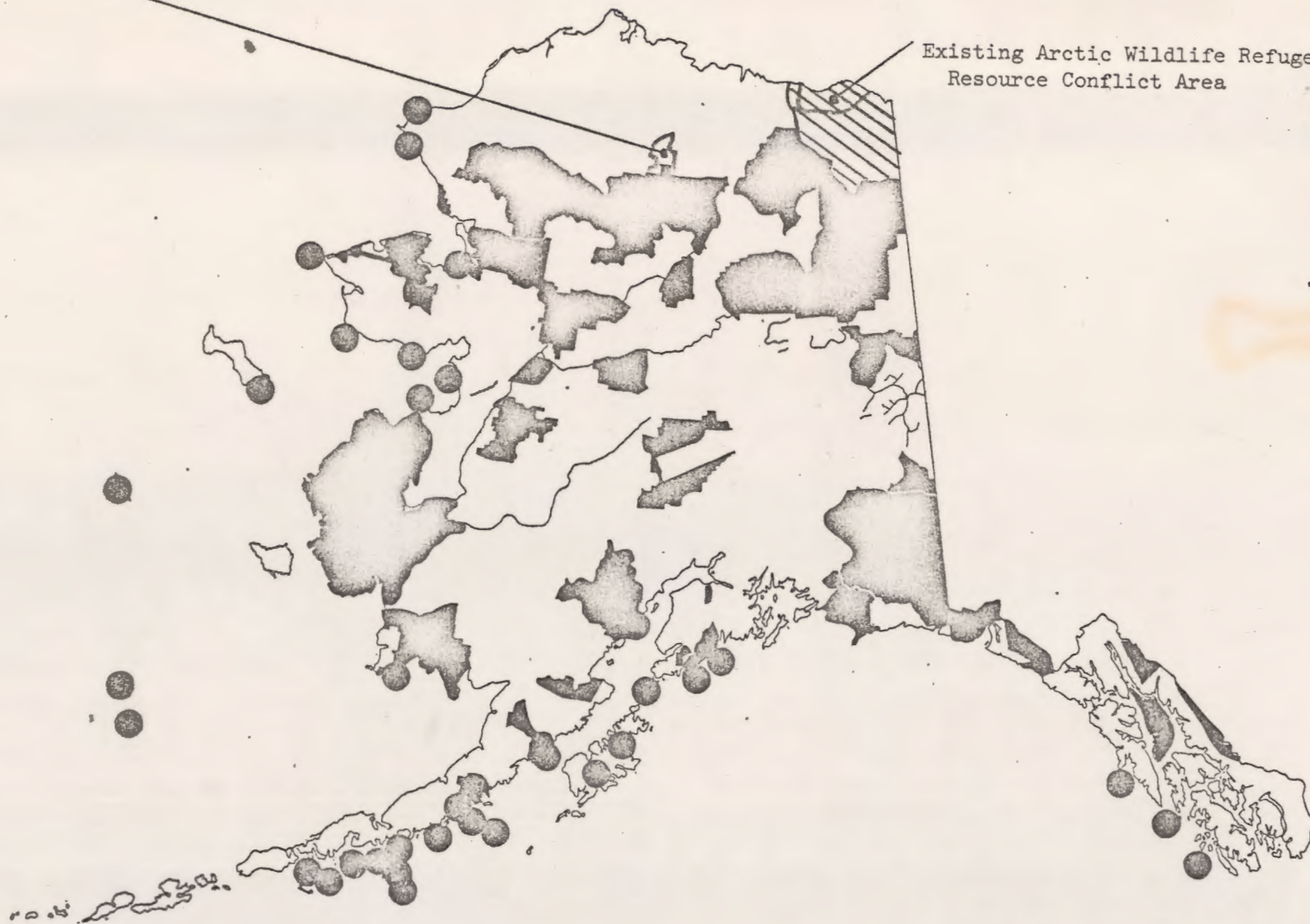


Alternative #2. Presidential decision for particular special cases (DOA, DOC, DOT, FEA, OMB)



Killik River Resource Conflict Area

Existing Arctic Wildlife Refuge  
Resource Conflict Area



The proposed new parks and wildlife refuges are denoted in black.



THE WHITE HOUSE  
WASHINGTON

September 14, 1977

Frank Moore

The attached was returned  
in the President's outbox today.  
The signed original of the letter  
to Sen. Moynihan is forwarded  
to you for delivery.

Rick Hutcheson

cc: Stu Eizenstat  
Charles Schultze

RE: STATEMENT ON FEDERAL POLICIES  
AND THE NEW YORK ECONOMY

THE WHITE HOUSE  
WASHINGTON

MR. PRESIDENT:

Senator Moynihan is aware of the analytical problems we have with his report. He has approved our recommended public response: namely, a short letter from you and a longer one from Charlie and ~~I~~. *me*

*Stu*

Stu Eizenstat

13 Sept 77



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~~THE PRESIDENT HAS SEEN~~  
THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

September 13, 1977

*Charlie & Stu -  
Be blunt and  
frank with Pat.  
Include all analyses  
in this memo*  
*J*

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*  
Stu Eizenstat *Stu*

Subject: Senator Moynihan's Statement on Federal  
Policies and the New York Economy  
(revised, July 15, 1977)

We have reviewed Senator Moynihan's statement on the impact of Federal policies on the New York economy. The analysis contained in the statement is seriously flawed in several respects, as we discuss below. However, the statement does name several legitimate policy issues that your Administration is, and should be, addressing. Following is a digest of the Moynihan report's propositions and our response to them. Senator Moynihan cites three ways in which Federal policy allegedly deflates New York State's economy:

1. Senator Moynihan points out that New York State paid \$36 billion in Federal taxes in 1976 and received, once interest on the national debt is removed, only \$26 billion in expenditures. Moynihan feels New York "loses out" in spending for defense, highways, inland waterways, and electrical generating facilities, and is victimized by faulty formulae in Federal programs such as aid to hospital construction and mass transit.

- o The so-called "balance of payments" between the Federal Government and a state is not an appropriate measure of the Federal Government's impact on the state, or of its responsibilities to the state.

The principal reason for New York's "deficit" is that its Federal tax payments are high, not that Federal expenditures in New York State are low. Tax payments are high because New York is a high income state -- fifth highest in the nation -- and because our tax system is progressive. High income states should not necessarily receive correspondingly greater Federal expenditures. Only 18 states receive

higher Federal outlays per capita than New York State. Only three states receive more in per capita grants-in-aid. New York State falls short in those expenditure categories -- natural resources, highways, water projects -- for which it has a lesser need than other states.

While we believe the Moynihan "test" is an inappropriate measure of need, even when taxes and expenditures are compared, 11 other states get back less per dollar of Federal taxes than New York State. New York's problem is not unique.

- o Internal Revenue Service statistics by state do not reflect the true source of revenues. Corporations headquartered in New York pay taxes on profits earned in other states, but they show up as payments by New York to the Federal Government.
- o The balance between Federal spending and taxes is likely to have only a small effect on the economy of a region. Purchases in a region generate demand for products all over the country, and products of a region are sold all over the country. A region's economy is more heavily influenced by the locational decisions of private business and industry than by Federal spending.

2. Senator Moynihan argues environmental restrictions inhibit new investment in New York City. He cites, in particular, standards set under the Clean Air Act that discourage construction of power plants and factories, and that require reduction of traffic in New York City.

- o While environmental standards inhibit industrial growth in New York City, the report fails to reflect all the trade-offs between environmental concerns and urban growth. The unpleasant environment may lead affluent (and hence mobile) residents to leave an urban area, thereby reducing economic growth.

3. Senator Moynihan argues free trade policies have injured the garment industry, a mainstay of New York City's economy.



- o While imports have adversely affected New York's garment industry, the City's basic problem is the shift of apparel production to other parts of the country. Over the past 20 years, the City's share of total apparel production has been cut in half. The report also ignores the benefits to the nation of free trade.

Senator Moynihan's statement does raise some significant issues to which you can respond positively in your letter.

1. Formulae used in programs of grants to state and local governments should be reviewed. Some distribution formulae may well put too much weight on average income and too little on such factors as poverty, congestion, and regional costs. This will hurt New York State, which has a very unequal income distribution.

2. We know little about the regional or state impacts of Federal budget policy. The Reorganization Project study of "Economic Analysis and Policy Machinery," which you have approved, will review the government's ability to conduct regional analysis and to integrate this into the decision making process.

3. EOP staff are working with EPA to devise new procedures that would maintain economic incentives for environmental protection while avoiding some of the problems that rigid regulations pose for older cities. EPA has indicated its willingness to compromise by its recent concessions on on-street parking in Manhattan.

4. Lowering trade barriers can hurt particular areas and industries. The issue of trade adjustment assistance has received extensive interagency review, and a proposal will reach your desk within the next few days.

We recommend that you respond to the Senator's request for your comment on the statement in the following fashion:

- You should submit a letter indicating that your advisers have reviewed the statement and will be responding directly to the Senator. Your note should outline briefly the positive steps the Administration is taking that respond to the Senator's concerns.

Send as drafted \_\_\_\_\_

Send with revisions \_\_\_\_\_

Comment \_\_\_\_\_

- In addition, Charlie Schultze and I jointly should send the Senator a longer letter analyzing the memo and explaining the Administration's actions that address his concerns. This letter would generally outline positive actions the Administration is taking, rather than be a rebuttal of Moynihan's analysis.

Send letter along these lines \_\_\_\_\_

Send no letter \_\_\_\_\_

Comment \_\_\_\_\_

Attachments



THE WHITE HOUSE

WASHINGTON

September 14, 1977

To Senator Pat Moynihan

Your statement on the impact of Federal programs on the economy of New York has raised a number of important issues that will receive the full attention of this Administration. I have asked Charlie Schultze and Stu Eizenstat to review your statement and to forward their comments to you this week.

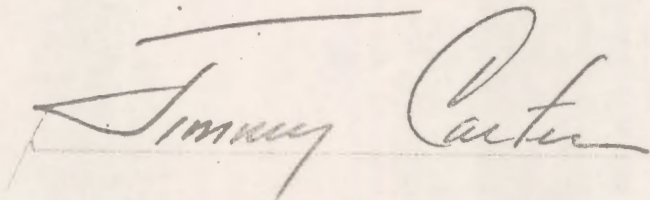
However, I wanted to thank you personally for the opportunity to consider the issues you raised, and to let you know that this Administration intends to address your concerns.

I recently directed the OMB Reorganization Team to review the Government's capability to perform various types of economic analysis and our machinery for incorporating broader analyses into economic policymaking. This Reorganization project will give top priority to consideration of ways to conduct better regional analysis and to incorporate regional concerns into Government decisions. In addition, an interagency task force is developing ways to evaluate and monitor, on an ongoing basis, the impact of Federal programs on state and local government finances.

You also have called my attention to the impact of Federal regulations on New York's economy. I have long believed that many forms of regulation impose unnecessary burdens on the private sector of the economy, and I am making regulatory reform a major objective of this Administration.

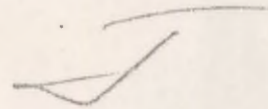
Finally, you expressed concern for the impact on New York's economy, and particularly the garment industry, of the Government's foreign trade policies. While the economy as a whole gains from free international trade, those gains must not impose undue hardships on particular groups of American workers. Under the umbrella of the Multi-Fiber Arrangement, my Special Trade Representative has begun negotiating bilateral agreements that will significantly reduce the rate of growth of apparel imports into the U.S., for those categories of goods most seriously impacted by trade.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned above the typed name of the recipient.

The Honorable Daniel Patrick Moynihan  
United States Senate  
Washington, D.C. 20510

*p.s. After you receive the  
staff memo, I would welcome  
a response from you.*

A handwritten flourish or signature, possibly a stylized "J" or "D", written in dark ink.



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C

September 14, 1977

MEMORANDUM FOR: The President  
FROM: Greg Schneiders GS  
SUBJECT: Response to your questions

- a) I met with reporters hoping to correct some misconceptions about the proposed Youth Energy Program. All they wanted to talk about was Bert and I tried to answer their questions honestly, positively and vaguely. I obviously shouldn't have gone to the breakfast. Sorry.
- b) The Star tried to retract but didn't do a very good job of it. (See attached)

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**Corrections,  
Clarifications**

Greg Schneiders, White House special projects director, said yesterday he has no specific knowledge of other White House aides who believe Budget Director Bert Lance should resign.

The Washington Star account of a breakfast meeting yesterday quoted Schneiders as saying there were other aides who, like presidential assistant Midge Costanza, believed the controversial chief of the Office of Management and Budget should quit.

Schneiders said a fuller account of his reply to a question at the breakfast with reporters would show "that I did not know of any other staff members specifically but that I was sure there were members of the staff who thought he should go before the (Senate Governmental Affairs) committee, members of the staff who thought he should step aside and members of the staff who didn't know. I was just speculating that there were."

Schneiders also said he does not believe that Carter has been ill-served by his aides. In response to a number of questions at the breakfast session on whether Carter could have been better served, Schneiders said he offered no opinion of his own.



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 14, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Status Report on Concorde

An interagency meeting was held today to determine the areas of agreement and disagreement on the issue of Concorde operations in the United States. In attendance were NSC, EPA, DOT, State and CEQ. A decision memorandum will be presented to you by this weekend with a detailed analysis of the issues.

Essentially there will be three options presented in that memo:

(1) Ban the Concorde from operating in the U.S. This option is supported by EPA and CEQ because it is consistent with the trend toward encouraging quieter, more fuel efficient aircraft.

(2) Permit Concorde operations but limit the adverse impact of noise by the following:

a) establish a manufacturing cut-off date which would require any SST manufactured after 1980 to meet the 1969 noise levels required of subsonic aircraft;

b) establish a nationwide curfew prohibiting SST operations into or out of any U.S. airport between 10 p.m. and 7 a.m.;

c) reaffirm right of local airport proprietors to ban SST's through reasonable and non-discriminatory rules;

d) announce that any future design of SST will be required to improve upon the 1969 noise standards.

This option is a DOT proposal. It appears, at this point, to be supported by NSC and State.

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(3) Permit Concorde operations under more restrictive limitations that would allow landings only at those airports near sparsely populated areas (only two or three). This option is supported by CEQ and EPA, as a second choice.

Another issue which the memo will discuss is the extension of Concorde operations at Dulles Airport. The test period will end on September 24, 1977. A decision on this issue must be made in a manner which does not prejudice the rulemaking process for the national noise rule. At this point, most agencies favor extension of the existing landing rights pending a final rule.

The consensus of the participants was that no decision should be made by you during Prime Minister Barre's visit. This view is further supported by the fact that you will be meeting with Congressmen on both sides of this issue early next week. Also there is some indication that several votes on the Clinch River Breeder may go the other way if a decision on Concorde is announced before the vote, which will be Tuesday of next week.

Zbig Brzezinski believes that the timing noted above is appropriate. Since the "manufacturing cut off" will not be to the French liking, a decision to permit flights into Dulles would be partly offset in French minds. Also, from the domestic perspective, making an announcement during the Barre visit could look like caving into French wishes.

Zbig suggests that you tell Barre that there will be a decision by September 24, and that we are hard at work on it. You should cite your Congressional contacts next week, and say that going through this orderly process is in both nations' interest.



THE WHITE HOUSE  
WASHINGTON

Jody has

copy

---

File

THE WHITE HOUSE  
WASHINGTON

Rich —

Here is a  
statement for  
tomorrow's announcement.

JL



## CLINCH RIVER STATEMENT - 9/14/77

The House of Representatives will vote this week or next on the Clinch River Breeder Reactor, which is a large-scale demonstration fast breeder reactor in Tennessee.

I oppose going on with the Clinch River Project because I don't see any sense in wasting more than \$2 billion on a plant we don't need now -- and may never need.

Now and for many years to come, this particular technology will not be able to produce power at a cost that would attract private investors. Going ahead with the Clinch River project at this time would simply be a bad business decision.

This doesn't mean that I am opposed to nuclear breeders for our country. I am not. I just think that this particular project is the wrong plant, at the wrong time, and probably in the wrong place.

If we were to design a nuclear breeder demonstration plan today we would design it very differently than the

seven-year-old Clinch River project. And we would be likely to locate it elsewhere, because of environmental and safety problems at this particular site.

Instead of wasting \$1.4 billion more on Clinch River, we should stop throwing good tax money after bad. Instead, we should seek a more realistic, responsible and business-like use for our scientific and financial resources.

This is why I have proposed to Congress a very strong program of advanced nuclear research and development, costing more than a half billion dollars next year.

This is why I have asked Congress to help me find new directions for our breeder program, so as to put it back on a sound and economical footing.

My opposition to the Clinch River project does not mean that I want us to turn our backs on nuclear breeder technology as part of the solution to our energy crisis.



On the contrary, the program I have proposed to Congress calls for completion of a major breeder test facility at Hanford, Washington, which will tell us more than the Clinch River project would about how to design advanced and economical breeders.

My program also calls for spending almost \$250 million on studies of alternative kinds of breeders, safety systems, and other advanced atomic power technology.

I want us to be fully prepared to build -- if and when we need to -- a commercial breeder facility which is technically, economically, and environmentally sound.

The U.S., unlike many of our allies, is fortunate enough to have considerable resources of uranium and coal. Our best estimates of future demand for nuclear power show that we won't need to build a commercial-scale demonstration breeder for another five to 10 years. It is unlikely that we could

use commercial breeders -- which are far more expensive than the type of atomic reactors we now employ -- until well into the next century.

In the meantime, we should use our skills and our money to search for the safest and most desirable way to harness nuclear power.

I ask the Congress and the American people to join me in the careful, methodical task of picking from all these alternatives the one which will best serve the interests of our children and grandchildren.

# # #



EYES ONLY

THE WHITE HOUSE  
WASHINGTON

September 14, 1977

Midge Constanza  
Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

Re: Cabinet Summaries

The attached were returned in the President's  
outbox today and are forwarded to you for  
your personal information.

Rick Hutcheson

Attachments:

Interior, Transportation  
Commerce, Agriculture  
CEA, EPA, GSA, HEW, HUD,  
Justice, UN, Treasury,  
STR, Labor

CONFIDENTIAL ATTACHMENT

THE WHITE HOUSE  
WASHINGTON

*eyes  
only*

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
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<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN



THE WHITE HOUSE  
WASHINGTON  
September 14, 1977

Secretary Bergland

The attached was returned  
in the President's outbox today  
and is forwarded to you for your  
information and appropriate  
handling.

Rick Hutcheson

RE: WHEAT SET-ASIDE PROGRAM



THE SECRETARY OF THE INTERIOR  
WASHINGTON

September 2, 1977

cc Bergland

C/

MEMORANDUM TO THE PRESIDENT

From: The Secretary of the Interior

Subject: Major Topics for the Week of August 29

I attended the Western Governors' Conference at their insistence. We are still taking flack on water projects and water policy, but I can handle that if given some leeway. At the Governors request, I gave a presentation on the Panama Treaty which was well received. Mike O'Callaghan and George Ariyoshi are our best supporters, but I believe they will all support our position. I would like your concurrence to share Jack Watson's memorandum with selected Governors.

We have approved the Colorado oil shale leases in order to move ahead with development.

In your wheat set aside program of 10-12 million acres, would it be possible to provide for wildlife cover crops to enhance selected wildlife propagation and erosion control for water quality purposes? Not only would this be good business it would be very popular with the sportsmen of America. ↙ bob

Our Alaska proposal has gone to OMB and there will be considerable "keel-hauling." I will holler if I need help.

  
CECIL D. ANDRUS



THE WHITE HOUSE  
WASHINGTON

September 14, 1977

Secretary Adams

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: FEDERAL ENFORCEMENT OF STATE  
FISHING LAWS IN PUGET SOUND

THE WHITE HOUSE  
WASHINGTON

cc

Adams



THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE

WASHINGTON

September 14, 1977

C

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE J.M.

The oral bidding bill which Senators Bumpers and Kennedy opposed and which we opposed was passed by the Senate at 6:40 p.m. by a vote of 60 yeas - 29 nays.

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THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

*Beck  
J*

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

SUBJECT: Significant Issues Pending at the  
Department of Transportation

*Bob Adams*

ACTION

Federal Enforcement of State Fishing Laws in Puget Sound

I have just been informed that Federal District Judge Boldt, by an Order dated August 31, 1977, has ordered, "the Coast Guard, the National Marine Fisheries Service, the United States Marshals Service, and other such agencies as may be appropriate," to enforce the State of Washington fishing regulations in certain interior waters of the State.

I have asked members of the Department to contact the Departments of Justice, Interior and Commerce to determine what they expect will be done to comply with this Order.

As I indicated to you previously when this matter involved the fisheries in the Straits of Juan de Fuca, there is only a limited amount of equipment and Coast Guard personnel available in the affected fishing area. At that time, Admiral Siler and I informed the other involved agencies that if the Judge's Order was extended from the Straits of Juan de Fuca throughout Puget Sound and elsewhere, there would not be sufficient equipment to carry out complete fishing regulations. The Court Order is very sweeping, in that it requires service of notice on fishermen and citation for all violations of State regulations, which in the past have been completely enforced by State officials.

*Can't we  
notify the  
court as to  
degree of  
enforcement  
poss. b/c?*

I believe Jack Watson and Stu Eizenstat should reconvene the working group which met on the situation in the Straits of Juan de Fuca because, by this Order, the Coast Guard is being requested at the last minute to support operationally a Court Order that is beyond the resources available in the area. We will, of course, give full support to the agencies involved within the resources available, taking into account the normal high level of boating safety operations that are



necessary in the periods such as the up-coming Labor Day weekend.

### INFORMATION

#### Amtrak Heavy Rail Repair Facility

I have scheduled a meeting for 10:00 a.m., Friday, September 16, with Senators and Representatives who have shown an interest in the location of this proposed facility. These include members from Massachusetts, Delaware, Pennsylvania, New Jersey and Maryland. At that meeting, I intend to release the documents and information I will use in making a decision on whether or not there should be a single major repair maintenance facility and, if there is one, where it should be located. On Tuesday, September 6, Federal Railroad Administrator John Sullivan will begin a three-day inspection of possible sites for maintenance facilities along the corridor. He will present his findings to me prior to September 16. Full briefings for him are being arranged in Massachusetts by Lt. Governor O'Neill's office and in Delaware by Senator Biden's office.

#### Passive Restraints in Automobiles/Airbags

I am scheduled to testify on automobile passive restraints before the Senate Commerce, Science and Transportation Committee on September 8 and before the House Interstate and Foreign Commerce Committee on September 9. The June 30 decision to mandate passive restraints will become effective in mid-October unless a concurrent resolution of disapproval is passed by both the House and Senate within 60 legislative days. In the House, 163 members have co-sponsored a resolution to override the airbag decision and a similar resolution has been introduced by 3 members in the State (Helms, Griffin, and Bartlett).

#### Transportation Design Policy

I was host to Mrs. Mondale and Nancy Hanks, Chairman of the National Endowment for the Arts, Thursday morning at a ceremony in the DOT courtyard to announce a new departmental policy encouraging greater use of design and the arts in transportation projects. The new policy carries out your environmental message of last May, and Mrs. Mondale urged other Federal agencies to develop similar policies. This policy does not contemplate major new expenditures.



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THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

2  
/

September 2, 1977

"FYI"

REPORT TO THE PRESIDENT

Court Test of Local Public Works (LPW) Allocation Method

Last week, the Economic Development Administration (EDA) won a significant lawsuit that challenged our method of allocating LPW funds to small municipalities. The suit was brought by Hope Mills and several other small North Carolina towns. Under EDA's procedures, certain towns under 2,500 population did not receive direct funding from EDA because uniform and valid unemployment data were not available. Congressman Rose, whose district includes Hope Mills, also questioned EDA's procedures in a letter addressed to all Members of Congress.

Giving great weight to the time requirements mandated by the LPW legislation, which were designed to initiate the projects quickly in order to reduce unemployment, the Federal trial court in North Carolina refused to issue an injunction, thereby confirming the reasonableness of the EDA procedures.

Tax Reform

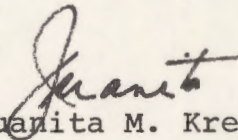
We have forwarded to Mike Blumenthal a business tax reform proposal that we think is important. As you know, the Treasury's proposals have tended to emphasize partial integration as a necessary long-run tax reform measure, while the CEA has emphasized the need for direct investment incentives in order to keep the economic recovery strong. We have consulted extensively with the business community and on balance there appears to be more support for partial integration; this is also the case on Capitol Hill. On the other hand, recent economic indicators have not been encouraging and the need for direct investment incentives is clear.

I have suggested what I regard as a more balanced package of proposals that will stimulate both short-term and long-term investment in support of your economic goals, meet the objective of true tax reform, and be politically acceptable to Congress. The core of this proposal would be to combine partial integration with an accelerated, but temporary, investment tax credit



(ITC) of 3% in the first year, decreasing to 1% in four years (in addition to the existing ITC of 10%). This would encourage business to accelerate investment into the near term, when we need it the most, and would minimize revenue losses later when you are trying to balance the budget. I look forward to discussing this set of proposals with you before you make your final decisions in this area.

Best wishes to you for a good Labor Day weekend.

  
Juanita M. Kreps



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

September 2, 1977

C

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson  
Secretary to the Cabinet

SUBJECT: Weekly Report

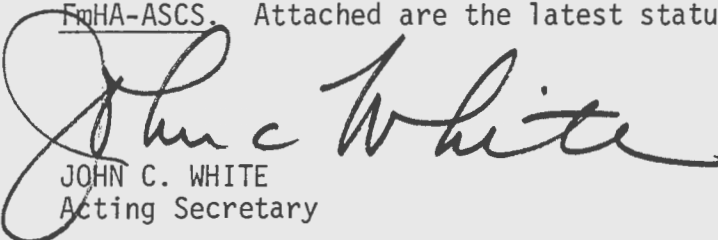
U.S. FEED GRAIN SUPPLY. Near-record U.S. supply of feed grains and soybeans in 1977/78, coupled with slow export sales pace, continue to weaken feed prices. Estimated feed grain carryover from 1976/77 will increase to about 30 million tons, the largest since 1971/72.

SET-ASIDE, GRAIN RESERVE. USDA announced a three-part grains program; 20 percent acreage set-aside on 1978 wheat crop, 30-35 million ton food and feed grain reserve, and proposal to create special government-wide international emergency food reserve of up to 6 million tons. Reaction has been basically good to the program. The only negative reaction we have heard is in the dry land farming area where some farmers are following 50 percent under normal farming practices and by big metropolitan press; i.e., Wall Street Journal, New York Times and Chicago Tribune.

FARM PRICES. Prices received by farmers dropped 3 percent during month ending August 15, which is 6 percent below a year ago; decrease since mid-July due primarily to lower soybean, corn, hog, broiler and potato prices.

U.S. TRADE DEFICIT. U.S. trade deficit for Oct.-Aug. reached \$17 billion compared with \$1.3 billion surplus in 1975/76. Farm product exports during July totaled about \$1.75 billion, 7 percent less than \$1.88 billion shipped in June, and nearly 3 percent below July 1976. Agricultural exports were 8 percent above year-earlier period; agricultural imports thus far in 1976/77 are up 30 percent.

FmHA-ASCS. Attached are the latest status reports on state level appointments.

  
JOHN C. WHITE  
Acting Secretary

Attachments - 2

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze

C L S

Subject: CEA Weekly Report

Economic Impact Analysis. My staff has been leading discussions with affected agencies on the development of an Economic Impact Analysis program, to insure a high-level review of the economic consequences of major regulations. Several proposals have been developed and commented upon by regulatory agencies and Cabinet departments. Those comments have caused us to considerably revise the proposals first presented to you some time ago. Moreover, legal impediments to such a program had to be overcome. A final proposal has been circulated, however, and comments have been received. My staff is now preparing a memorandum for you describing the process and seeking your approval. That memo should be in your hands next week.

Retirement Age. CEA has been analyzing the impact of proposals to raise or eliminate the mandatory age of retirement. The basic human rights aspect of the proposal is a benefit. On the other hand, our work so far indicates that there could be several kinds of costs associated with this move: (1) reduced opportunities for women and minorities especially in professional and managerial careers; and (2) higher business costs because of the possibility of large volumes of age discrimination legal suits. But current data do not make it possible to know whether these costs would be very large or very small. In a more detailed memo coming to you shortly, we suggest that the Administration ask the Congress to delay the action for a year, and instruct the Administration to conduct a detailed study of the problem.

Environmental Budget. Staff from CEA, OMB, and the Policy Staff are in the initial stages of a study of the feasibility of developing a "National Environmental Budget."

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This budget, which I mentioned in a memo last week, would permit the government to consider in one place the myriad regulatory actions that affect particular sectors of the economy. There are some technical difficulties in drawing up such a budget. If these can be overcome, this budget would enable you to set regulatory priorities in a systematic way, and to assess the benefits against the national economic costs of major legislative and administrative proposals.





United States  
Environmental Protection Agency  
Washington, D.C. 20460

9

The Administrator

September 2, 1977

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

1. DBCP. As I indicated to you last week, the pesticide ingredient DBCP (Dibromochloropropane) appears to cause sterility in male workers. Over the past week, we have determined that it also has high carcinogenic potency in test animals and poses substantial risk to humans consuming foods with DBCP residues. Eula Bingham of OSHA and I plan to announce joint regulatory action next week.

2. STEEL. The domestic steel industry faces serious problems in the next few years: Little capacity growth is expected. Most capital will be spent on modernization rather than expansion. The industry is expected to continue closing down marginal, inefficient, old facilities which have been relatively labor intensive as well as dirty. There are indications that the industry would prefer to move to other locations. As this happens, we expect that the industry increasingly will seek local and union support against environmental--as well as other--regulators.

I have met with Barry Bosworth of CWPS and intend to meet with Charlie Schulze and Ray Marshall to discuss this situation. I also will be meeting with the officers and the 26 District Directors of the United Steelworkers of America on September 15. The Steelworkers have always been supportive of environmental protection and were extremely helpful in working for passage of the Clean Air Act amendments last month. I want to discuss the above problem with them and explore opportunities to work on each other's behalf.

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*[Handwritten signature]*



United States of America  
General Services Administration  
Washington, D.C. 20405

Administrator

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on GSA Activities

Postal Rate Increase

The U.S. Postal Service's proposal to offer separate first class mail rates for citizens and businesses at 13 and 16 cents respectively would increase Federal postage by 14 percent or \$75 million a year. Representatives of GSA are examining the implications of an intervention before the Postal Rate Commission.

Inventory of Gifts to Former President Nixon

Beginning the week of September 4, the National Archives will begin an inventory of the "head-of-state" gifts of former President Nixon. The project is expected to take several weeks. Former President Nixon's attorney has been invited to be present during the inventory. There will be no coverage by the media.

*fr* *Walt Kallan*  
JAY SOLOMON  
Administrator

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities within the Department of Health, Education, and Welfare.

- Update on Regional Appointments: Within a few days I will send to the White House the name of our candidate for Principal Regional Official in Boston. He has been cleared by the Speaker. We have now selected eight PRO's, with only Chicago and San Francisco outstanding.
- Reform of the HEW Regulation Process: Next Wednesday I will announce a Departmental regulations reform initiative that responds to your call for clearer, less burdensome, and more timely government rules. The initiative will: (1) speed up the process for developing new regulations with early opportunity for my personal policy guidance; and (2) provide for reexamination of existing regulations with an aim toward elimination, consolidation, and simplification. The aim of the latter effort is to recodify existing regulations which fill more than 6,000 pages in 13 volumes of the Code of Federal Regulations. It is a massive effort that will take several years to complete. But it is an important initiative which responds to widespread criticism of the present regulations and the heavy burden they impose on governmental units and other recipients of HEW funds.

Both procedures provide for increased public participation in decision-making.

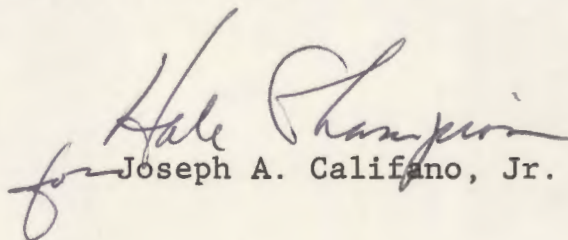
- Welfare Reform: On Thursday, September 8, I will address the National Governors' Conference on your welfare reform proposal. I will stress that governors -- and other leading elected officials at the county and local level -- are critical to the successful passage of welfare reform legislation. A resolution has been prepared for consideration by the NGC endorsing the plan and calling for "early and favorable consideration by Congress." Our present information is that the resolution will pass the NGC in a form quite favorable to the Administration.

- Child Health Care: On Friday, I will testify before the House Interstate and Foreign Commerce Subcommittee on Health and the Environment (Rogers) on your proposed Child Health Assessment Program (CHAP), H.R. 6706, which would amend Title XIX (Medicaid) of the Social Security Act and replace the existing Early Periodic Screening, Diagnosis and Treatment program with an improved health care program for poor children. Rogers' staff has indicated that the Subcommittee would markup CHAP legislation after it completes markup on Hospital Cost Containment. The cost containment markup is expected during the week of September 18.

During my testimony, I will also indicate that with Hospital Cost Containment, the renewal of basic health legislation, and National Health Insurance, the 95th has the opportunity to be one of the greatest "health" Congresses in history.

- H.R. 7200: Next week, the Finance Committee is scheduled to resume consideration of H.R. 7200, the public assistance amendments. As you know, this legislation has become a cumbersome collection of ill-advised provisions. Many of the welfare provisions are inconsistent with our welfare reform proposals. We are making a major effort with members of the Finance Committee to see that any attempt to combine H.R. 7200 and social security financing will not succeed so that it will be easier for you to veto H.R. 7200 if necessary. In this effort, we are being assisted by organized labor and the senior citizen groups.

We have advised Frank Moore and his staff of the seriousness of this situation and will work with them as the markup of H.R. 7200 continues.

  
for Joseph A. Califano, Jr.



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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

September 2, 1977

C

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental  
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Urban and Regional Policy. Each day this week, except Monday, I have held meetings with various urban constituencies at the White House under the aegis of the Urban and Regional Policy Group (URPG). Stu Eizenstat has coordinated these meetings for the White House and on Tuesday in a meeting with representatives of the National Governors' Conference and the National Conference of State Legislatures, both Stu and I emphasized this Administration's commitment to the early development of a rational urban and regional policy and solicited the views of these groups and their assistance. The representatives asked to be involved in the development of urban and regional policy and called for the Federal Government to put pressure on State governments to "get their act together" to start dealing with urban problems in a constructive manner. Representatives also stressed the need for more coordination among Federal programs.

Your remarks to representatives from the National League of Cities at Wednesday's meeting were well received. Subsequent comments by the mayors emphasized the need for metropolitan solutions to city problems, changes in tax policy designed to help cities, incentives to attract middle-class residents back to the cities while providing for the needs of the poor and minorities now living there, and affirmative action with respect to minority employment.

At our Thursday session county representatives stressed their role in coordinating policy development and their desire to participate in the process because of their large fiscal role in human resource programs, such as welfare. The Administration's Welfare Reform proposals were praised as "courageous". The representatives also noted that many counties have the same problems as cities and that they are willing to work as partners with both the Federal Government and the cities.

Today a meeting will be held with representatives of the AFL-CIO, and between now and September 12 there will be meetings with representatives of civil rights groups and mayors.

The URPG meetings are opening lines of communication with groups sharing our concern that this Administration develop an effective urban and regional policy. They have provided an effective forum for clarifying the process we are using to develop an urban policy, and we have assured each group that we will work closely with them in the development of your policy. All groups have asked to participate in the urban policy formulation through membership on the task forces or participation on advisory committees.

Johnstown Flood Assistance Continues. As of August 31, HUD had received 6,094 applications for housing assistance from victims of the flood and we now estimate that 5,400 families will require housing assistance of some kind, ranging from minimal repair to mobile homes. A total of 657 families (12.2%) have been provided with transient, temporary, or interim housing, which exceeds our September 1 goal of 600 families housed. General repairs have been completed on an additional 938 homes and families are now in occupancy. These families are not counted as being housed because the heating systems in the homes have not yet been repaired.

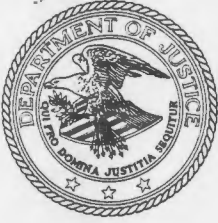
HUD To Provide Housing in West Virginia Again. Because of last week's emergency declaration covering the West Virginia counties of Boone, Logan, and Mingo, the Red Cross and the State are taking applications for temporary housing. Vacant mobile homes used earlier this year are being refurbished and arrangements have been made to move them from the Kentucky and Virginia disaster areas.

Section 8 Activity Continues Strong. As of August 27, HUD field offices had recorded a total of 214,862 Section 8 reservations during this fiscal year. Construction starts totaled 72,151 units, close to our goal of 80,000 starts this fiscal year.

Community Development Block Grant Funding Update. HUD Area Offices have received 1,319 Community Development Block Grant entitlement applications for Fiscal Year 1977 funding. To date, 1,256 applications have been approved and seven applications have been disapproved. Twenty-one Area Offices have now completed their funding of entitlement applications.

*Pat*  
Patricia Roberts Harris





Office of the Attorney General  
Washington, D. C. 20530

September 2, 1977

Re: Principal activities of the Department  
of Justice for the week of August 29  
through September 2

1. Meetings and Events

The Attorney General met for nearly two hours Wednesday with Chairman Rodino to discuss the Department's overall legislative program presently pending and to be introduced this Fall. Judge Bell also attended Wednesday a breakfast interview with the Washington bureau of the Los Angeles Times. Judge Bell also met with representatives from the National Association of College and University Attorneys. On Friday, Judge Bell spoke to the joint meeting of the West Virginia Chamber of Commerce and West Virginia Bar Association.

The Attorney General and the Associate Attorney General met with Joel Solomon, Administrator, General Services Administration regarding general housekeeping problems at the Department of Justice facilities and considerations involved in the process of acquiring additional space for Department of Justice employees who are presently housed in 30 different buildings throughout the Washington area.

2. Bureau of Justice Statistics

On August 30, 1977, the Attorney General announced publicly that he has authorized the creation of a central statistical unit for the Department of Justice. Currently, there is little coordination in the collection of the 54 sets of statistics in the Department, including the FBI, LEAA, the Bureau of Prisons, Immigration & Naturalization Service and the Drug Enforcement Administration. Department officials will work closely with representatives of the President's reorganization team to develop the statistical unit.

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3. Undocumented Aliens

The special border control operation in the Chula Vista Border Patrol Sector continues to locate large numbers of deportable aliens. For the period June 2 through August 28, 1977, approximately 104,787 deportable aliens have been apprehended. Compared with the apprehension of 78,501 deportable aliens during a similar period in 1976, the present operation reflects a 33% increase and has averaged 1,190 apprehensions per day. There is no indication, so far, that the pattern of surreptitious entry is shifting to other areas of the border. The present detail is scheduled to continue through September.

4. Attached is a status report on Presidential appointments.

Attachment



~~CONFIDENTIAL~~

TO: President Carter September 2, 1977

THROUGH: Jack Watson

FROM: USUN - Ambassador Young

SUBJECT: Weekly Summary of U.S. Mission to the U.N.  
Activities, August 24 - September 1, 1977

1. SECURITY COUNCIL DEBATES CYPRUS

The Security Council August 30 began consideration of a complaint by Cyprus on the Turkish settlement of Famagusta, an area the Greeks hope to recover through negotiation. The Greeks insist on a cease-and-desist resolution, the Turks have resisted anything but a mild consensus statement from the Council. We are working with the Western Five for an outcome which will avoid pointing fingers and encourage the parties to resume the intercommunal talks.

2. UN DECOLONIZATION COMMITTEE CONSIDERATION  
OF PUERTO RICO

We now expect the Committee to adopt on September 2 an Australian motion to defer further consideration of Puerto Rico until the 1978 session of the Committee. This will have the effect of preventing a vote -- and certain adoption -- of the highly unfavorable Cuban resolution on the issue.

3. AMB. LEONARD'S MEETING WITH SECRETARY GENERAL  
WALDHEIM, AUGUST 31

Two main topics discussed were Cyprus and Indochinese Refugees. On Cyprus, Waldheim proposed to send his Special Representative to Ankara and Athens and to consult himself with the Foreign Ministers of the parties involved here in New York; he then would seek to set a date for the resumption of the intercommunal talks. In response to our request for assistance on the problem of Indochinese refugees, Waldheim promised to contact directly in a "quiet way" the governments involved and to seek the continued assistance of the UN High Commissioner for Refugees.

~~CONFIDENTIAL~~  
GDS

Jan 12/12/89

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4. NAMIBIA: WESTERN FIVE MEETING WITH SECRETARY  
GENERAL WALDHEIM SEPTEMBER 1

Waldheim informed the group that the UN Secretariat is working on contingency planning and he expects something to be ready within two weeks. In the meantime, he wanted the group to keep in touch with Commissioner for Namibia Ahtisaari and assist him in formulating some of the details of the plan. Waldheim said he would meet again with the group after he returns to New York September 13.

~~CONFIDENTIAL~~





THE SECRETARY OF THE TREASURY

F.Y.I.

WASHINGTON

September 2, 1977

C/

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. TAX REFORM

We are working hard with Stu Eizenstat and Charlie Schultze on the tax reform proposals to meet the deadlines we discussed with Chairman Ullman on Wednesday.

2. STEEL

U.S. Steel has informed us that they plan to file an antidumping petition next week against a broad category of Japanese steel imports. As you know, the U.S. industry is campaigning vigorously for various forms of import relief. The EPG Steering Committee is now pulling together a task force to develop a strategy toward the domestic and international aspects of the steel industry.

WMB

W. Michael Blumenthal

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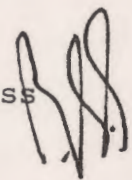
THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

C

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss



Subj: Weekly Summary

We are continuing to make progress on our textile bilaterals and I think the total textile community, both business and labor, are pleased with our record to date and I think we are doing it without any meaningful adverse consumer impact.

This week our office held meetings with our industry and labor advisors, working with the Departments of Commerce and Labor, to bring the advisors up to date on the progress we have made in the trade negotiations and to give them a sense of participation. The industrial advisors still want a substantial reduction of foreign barriers. The labor advisors are wary of the effect that a reduction of U.S. trade barriers would have on employment, but are cooperating with us. And in this regard, Howard Samuel of the Labor Department, has been very helpful.

I have delayed all foreign travel till the 20th of September except for one very important day in Ottawa on the 14th. From there I shall travel to San Francisco where I have accepted an engagement with probably the most prestigious business audience that will gather in America this year; this is an engagement fulfilling an invitation initially extended to you by Walt Wriston. The group is international, but with most leading American businessmen present, I expect to tie the trade theme to the need for the Panama Canal Treaty. Subsequent to the speech, I plan to meet privately on the same subject with 20 to 30 of those who are present. This will occur one week following our Wednesday breakfast.

I think the Wednesday breakfast is going to be extremely meaningful and should be productive. Hamilton and Landon put it together exceedingly well. I do urge, if possible, that you open the meeting for just a couple of minutes, telling them that you are going to excuse yourself for a short while for whatever necessary purpose there is and return at the appropriate time. I know it is difficult; but, if you open it, even if just for a couple of minutes, it is much better psychologically than just coming in at the end in terms of the sense of importance you place on the meeting and their participation.



U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

"FYI"

C

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, RAY MARSHALL *RM.*

SUBJECT: MAJOR DEPARTMENTAL ACTIVITIES, August 27-  
September 2, 1977

LABOR-MANAGEMENT SERVICES ADMINISTRATION

United Mine Workers (UMW)

For the time being, the wild-cat coal strike situation in West Virginia and Kentucky has improved. The threat of violence has significantly diminished and miners are continuing to return to work. The Bituminous Coal Operators Association (BCOA) estimates that about 19,000 miners are currently on strike and 66 mines are closed, mostly in Kentucky.

Two factors, however, raise the spectre of a nationwide coal strike in October--two months before the current contract is scheduled to expire. Although in mid-August the Executive Board of the UMW agreed to resolve the problems caused by the reduction in benefits by the Health and Welfare Fund within 60 days, it is unlikely that a definitive solution on this single issue can be reached by mid-October. Secondly, the UMW's Pension Fund is also facing serious financial problems and this could lead to a reduction in pension benefits in October. It is our hope that the matter can be resolved through negotiation.

UMW President Arnold Miller and Joe Brennan, President of the BCOA, met for informal discussions last week. They will meet again on September 9 to discuss procedures for negotiating a new coal contract.

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Our task will be to do everything possible to facilitate negotiation on these and other critical issues. However, my efforts in this area will remain consistent with our policy of non-intervention in collective bargaining.

#### Steelworkers

The strike by Steelworker locals against iron ore operators entered its second month. The FMCS has been working to help reach a settlement between the two parties. Our best estimates are that the economic impact of this strike continues to be slight. I have asked the FMCS to review the economic impact of the strike. I am conducting my own review of the status of iron-ore imports. The best indication of the lack of any serious economic impact is the apparent willingness of the steel industry to endure a long strike. I will continue to follow this matter closely and keep you informed.

#### CHICAGO CETA FRAUD

As planned, I held a press conference on August 31 to announce the settlement that we had reached with the City of Chicago over the use of political patronage by the Chicago CETA program. The press conference attracted national attention, as well as page-one treatment in Chicago. The press conference provided an excellent forum to underscore the fact that we would not tolerate violations of CETA or other Department of Labor laws and regulations. Nothing that I said at the press conference placed any direct blame on Mayor Bilandic and I gave him credit for working closely with us to improve the problem.

#### AGE DISCRIMINATION

A number of discussions have been held within the Administration on amending the Age Discrimination in Employment Act of 1967. However, no final decision has been made on an Administration position. The key issue is whether to raise the ceiling on age discrimination from 65 to 70. I have recommended raising the ceiling to 70 and have prepared a report answering a number of questions raised by other Departments. This report has been circulated to the other Cabinet Departments, but we have received no response from them. Senators Harrison Williams and Jacob Javits expect



an Administration position on this legislation by Labor Day. As a result, I sent a short memo to you on this subject on August 31. It would be helpful if a decision on this issue was made quickly.

#### REORGANIZATION

On September 1, I sent you a memo reviewing the Labor Department's efforts in the area of reorganization. Copies have also been sent to Harrison Wellford and Richard Pettigrew. If you approve, I would like to issue copies of this report to the press.

#### ZERO BASED BUDGETING

The Labor Department is in the final stages of preparing its 1979 budget. I have reviewed each agency's initial budget request, made my preliminary decisions and heard each agency's appeals. I am now approaching the final task of ranking the Department's decision packages.

#### IMPORTATION OF TEMPORARY FOREIGN WORKERS

On August 30, Judge James Turk of the U.S. District Court for the Western Division of Virginia issued an order which mandated that the Labor Department approve the certification of about 5100 foreign workers to pick the Eastern apple crop. This court order set a disturbing precedent because it jeopardized my legal responsibility to approve the importation of temporary foreign workers only when domestic workers were unavailable. The U.S. Employment Service estimated that only about 2200 foreign workers were needed to pick the crop. Judge Turk accepted the grower's estimate that 5100 were needed. (Last year, the Labor Department certified 3431 foreign workers to pick the apple crop, but only 2946 were actually used). Because I was concerned about the implications of this decision for our ability to control the importation of foreign workers, I issued a statement on August 31 deploring Judge Turk's decision. Because the court order gave us less than 24 hours to approve the certification of these foreign workers, I had no choice but to comply. We are, however, in the process of appealing this decision to the Fourth Circuit

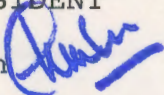
Court. The Employment Service is also working to recruit domestic workers here and in Puerto Rico. While it is unlikely that the Fourth Circuit Court will issue a decision before the apples are picked, I think that it is important that this precedent not be allowed to stand.



EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren   
Gus Speth  
Marion Edey

SUBJECT: CEQ Weekly Status Report

We have nothing worthy of Presidential attention to report  
this week. Enjoy your holiday.